

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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SECURITY INFORMATION

COUNTRY Rumania
SUBJECT Romagchim

REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.
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1. In late June 1952, Rumania and Hungary signed a three-year economic agreement providing for a linking of their electric power networks and for formation of a joint Rumanian-Hungarian company, Romagchim, to exploit Rumania's natural gas and chemical resources. At about the same time there were reports that the Soviet Union was abandoning its holdings in minor joint companies in both Rumania and Hungary and concentrating on major industries and transport, particularly the extractive industries.

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no evident relationship between the two developments. The USSR's policy in the past five years has been to keep its major interests concentrated on extractive and heavy industries in Rumania. Rumania's focus is in natural resources and in heavy industry and she has been dependent on the other Satellites for some of the more precise light industry products. the Soviet Union does not place too much emphasis on the minor joint companies in Rumania.

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25 YEAR RE-REVIEW

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the three-year
 Rumanian-Hungarian economic agreement any major agreement as the
 one mentioned above would naturally derive through Soviet
 patronage and direction since the governments of Rumania and
 Hungary are not sufficiently independent to initiate such agree-
 ments. Rumania, among other
 resources, has a great natural gas reserve in the Copsa Mica
 region [4607N-2416E]. However, she is deficient in chemists
 and chemical technicians who could be employed in the chemical
 exploitation of the methane gas. On the other hand, Hungary
 is known to have highly skilled technicians.
 the formation of the Romagchim company is an indication that
 the USSR has advanced from the stage of individual exploitation
 of its Satellites to a more efficient and productive exploitation,
 namely that of demanding joint efforts in the use of personnel
 and resources on the part of the Satellites.
 the Romagchim type of a company
 supplement the SOVROMS.
 the USSR will encourage, if not direct, the formation of
 Satellite joint companies as long as she is certain that she
 maintains ultimate control and does not enhance Satellite
 independence. As an example that the USSR is interested in
 Satellites sharing technical knowledge
 During 1949 and early 1950 Mr. (fnu) BERCOVICI was director
 of the Institutul de Studii si Proiectari Energetice (Institute
 of Energy Studies and Projects) in Bucharest. Mr. BERCOVICI
 was sent late 1950 by the Ministry of Electrical Energy to the
 Skoda Works in Czechoslovakia and then to the DINAMO, electrical
 equipment plant in Moscow. Subsequent to his return in 1952 Mr.
 BERCOVICI was appointed as a technical director in the Ministry
 of Electrical Energy (Ministerul Energiei Electrice).

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3.

there can be
 no doubt that the USSR maintains ultimate control in the
 Romagchim company.

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the formation of the Romagchim type
 of company is welcomed by both Rumania and Hungary since it is
 a positive action which may be advantageous to both. The feeling
 of friendship and solidarity is continually increasing between
 the two countries which is especially surprising after the
 hundreds of years of animosity between Rumania and Hungary.

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